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Statement of  
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before the  
Subcommittee on Intergovernmental Relations,  
Committee on Governmental Affairs  
United States Senate



Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to present our views on S. 2386, a bill which calls for the establishment of a system to collect data on the geographic distribution of Federal funds.

Specifically, this bill would:

- Direct the GAO to promulgate standards, procedures, and guidelines for collecting data on the geographic distribution of Federal funds; and monitor the executive agencies adherence to the same, and
- Direct the President to designate a Federal agency to establish and maintain an information system on the geographic distribution of Federal funds and to compile and generate reports for users which include the regional data analysis centers which would be established pursuant to this bill.

We have worked closely with members of your staff and those of Senators Riegle and Sasser to develop this legislative proposal.

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We believe that geographic data on revenues, obligations, outlays, and related information is useful in assessing program results and impacts. Historically, Congress, the executive branch, and others have used this type of information in a variety of policy deliberations.

As a result, we are of the opinion that a need exists for a high quality government-wide information system on the geographic distribution of Federal funds. Such an information base is especially needed in today's environment of rapid change in inter-governmental relationships.

From the late 1960s until 1980 a system called the Geographic Distribution of Federal Funds (GDFF) was operated by the executive branch to capture and report Federal agency obligations by geographic areas. It reported data from more than 30 major Federal agencies, including the Departments of Defense and State and the Agency for International Development as well as the domestic assistance agencies. The system covered: (1) domestic financial assistance programs, (2) procurement activities, and (3) salary and expense payments to Federal employees. Given the system's scope and coverage, notwithstanding some of its known imperfections, it had been used as a significant resource for several years in assessing the regional impact of Federal spending.

In December 1981, OMB decided to dispense with the GDFF but proceed with the development and refinement of other executive systems of this nature, particularly, the Federal Assistance Awards Data System (FAADS). OMB has taken the position that information needs previously met through the GDFF can be met

through other existing executive branch information sources without significant disruptions.

We believe that the absence of the GDFP information system, during the development and refinement of other executive branch systems, will cause a short-term gap (1 to 3 years) in meeting information needs of the Congress and others. Furthermore, we are not convinced that the other systems can meet the information needs of the Congress and others in the manner intended by S. 2386.

The information gap is caused by the abrupt shutdown of the GDFP information system before alternative sources of comparable data are available. As a result, not only are the data currently not available for analytical purposes, but the effect of Federal spending over time can no longer be assessed. With regard to the longer-term information needs of the Congress, existing executive systems do not currently provide the scope, accessibility, and systematic distribution of geographic data which we believe are needed, and which would be called for in this bill.

Information sources maintained and planned by the executive branch have the potential of fulfilling some of these requirements. The Federal Procurement Data System (FPDS) captures geographic data on federal procurement activities. The Federal Aid to States (FAS) publication provides data on grants-in-aid to State and local governments. The Federal Assistance Awards Data System (FAADS) will include data on all financial assistance programs including grants, direct payments, loans, loan guarantees, and insurance.

Collectively these sources have the potential to capture, maintain, and report a significant amount of the information addressed in the proposed legislation. However, independently, none of them will be capable of providing a government-wide view of Federal spending. For a user to compile the needed government-wide perspective would require combining data from two or more sources. Not only is this process inefficient, it risks errors because of double counting or gaps.

A long-term information strategy is needed to adequately address the information needs of the Congress, the executive branch, and State and local government officials. S. 2386 would establish the framework for such a strategy. It calls for a systematic and comprehensive approach for compiling data on the geographic distribution of all Federal funds.

However, to implement this approach several practical issues must be addressed. One such issue is the relationship between the system proposed in the bill and those that already exist or are being developed in the executive branch. If the system called for in this bill were established, and the executive branch were to also continue operating the FAADS, FPDS, and FAS information sources, some unnecessary overlap and redundancy would exist.

Therefore, in the long-term, opportunities should be explored to maintain comprehensive and quality geographic information through consolidated and streamlined executive branch systems. In the short-term, however, it is necessary to continue to meet the information needs of policy officials.

In summary, the elimination of the GDFP has created a

short-term gap in the availability of comprehensive information on the geographic distribution of Federal funds. We believe the enactment of S. 2386 would facilitate solving this problem over the longer term.

That concludes our statement. We would be pleased to answer any questions you may have.